



Date: November 19, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mark D. Ahrendsen, Transportation Director
Subject: Ordinance to Change Parking Fees

Executive Summary

The City recently completed a Comprehensive Parking Study for Downtown and Ninth Street. A presentation on the findings and recommendations of the study was provided to City Council at a work session on October 24, 2013. One of the recommendations of the study was to charge Downtown residents that desire to have parking access to a City parking facility during the day (8:00 a.m. to 7:00 p.m. Monday through Friday) the current rate of \$55 per month for surface lots and \$65 per month for decks. Access to City parking facilities during nights and weekends is currently available at no charge. The existing parking fee ordinance provides for a residential parking permit at a charge of \$10 per month that allows access to the City parking facilities during off peak hours (evenings and weekends). However, for several years these permits have allowed access to City parking facilities during weekdays at no charge.

The recommendation is to phase in the market parking rate for Downtown residents who desire to have access to the City's parking facilities during the day (8:00 am to 7:00 pm Monday through Friday) over a three year period beginning January 1, 2014 as follows:

	<u>Surface Lot</u>	<u>Deck</u>
January 1, 2014	\$20	\$25
January 1, 2015	\$40	\$45
January 1, 2016	\$55	\$65

Recommendation

The Department of Transportation recommends that the City Council approve an ordinance amending the parking fee structure.

Background

As a general rule, North Carolina law does not allow a municipality to distinguish between residential and non-residential customers in setting parking rates. In 1991, the City of Durham secured local legislation to specifically allow Durham to provide parking for downtown Durham residents at a reduced rate or no charge at all as an incentive to encourage individuals to live in downtown Durham. The intent of this local legislation was "to provide a means to encourage the rejuvenation and revitalization of the downtown area of the city and thereby promote sound urban development and the general welfare of the city, which are hereby declared to be lawful public purposes of the city." In effectuating this local

legislation, it was left to the City Council to define the “downtown” area of the City. In addition, eligibility under this legislation could be based on “the number of housing units, the number of customers residing in the housing units or such other method or system of classification as may be determined by the City Council.”

The existing parking fee ordinance includes a \$10 per month residential parking permit that allows use of any one of a designated group of spaces during the hours of 6:00 pm to 8:00 am Monday through Friday and 6:00 pm Friday to 8:00 am Monday. This residential parking program was implemented in 1999 and was intended to offer Downtown residents a low cost option for using City parking decks during off-peak hours (i.e., nights and weekends).

In 2004, it was discovered that some of the holders of these permits had been allowed to park without paying the fee. At this time, the City decided to waive this fee for all residential permit holders until such time as a parking study was completed.

The recently completed Downtown Parking study report recommends reinstituting the monthly charge for the residential parking permit but increasing the fee to \$20 per month and enforcing the hours of access associated with this fee. Access to the deck outside these hours would involve a charge at the hourly rate.

Residents desiring access to a City deck or lot during weekday hours would have the option to purchase a typical monthly parking permit at the current rate (effective October 1, 2013 \$55 per month in a surface lot – previously \$45; \$65 per month in a deck – previously \$55). The Parking study recommends that access to the surface lots and decks remain available at no charge from 7:00 pm to 8:00 am Monday through Friday and from 7:00 pm Friday to 8:00 am Monday; thereby providing access to City surface parking lots or parking decks 24 hours per day, 7 days per week at \$55 per month and \$65 per month, respectively.

During the stakeholder outreach, some residents expressed a desire for a residential parking permit that provides access to a reserved space in a parking deck 24 hours a day, 7 days a week. A reserved space parking permit from 8:00 am to 7:00 pm Monday through Friday is currently available at \$80 per month (previously \$70 per month prior to October 1).

The Parking Study recommends that a permit be offered for a reserved parking space 24 hours per day, 7 days per week at \$90 per month. Such a permit was made available effective October 1, 2013.

During the review of the draft report, several Downtown residents indicated that they had been provided unrestricted access to the City’s parking decks and monthly surface lots at no charge. They also indicated that the hourly restrictions associated with the existing residential parking permit did not meet their needs for weekday daytime access to the parking facilities and they were opposed to paying the regular monthly rates for such access.

Pursuant to recommendations from the draft Downtown Parking Study Report City Council on June 3, 2013 approved an ordinance amending the parking fee structure, generally increasing monthly parking rates by \$10 from \$45 to \$55 in surface parking lots and from \$55 to \$65 in parking decks. Council was also advised that the fee and hours of access associated with residential parking permits would begin to be enforced.

In August 2013, the existing 128 holders of a residential parking permit were advised that the \$10 fee for a residential parking permit and the hourly access restrictions associated with such a permit would begin to be enforced beginning October 1, 2013. They were further advised that they could purchase a regular monthly parking permit (\$55 for a surface lot, \$65 for a parking deck) or a 24/7 reserved monthly parking permit (\$90) if they desired access to the parking facilities during weekday daytime hours.

In response to residents' concerns with the short notification associated with the changes to the residential parking permit and the lack of opportunity to express concerns/opposition to such changes within the context of the Downtown Parking Study review by City Council, Downtown residential parking permit holders were subsequently advised that the \$10 monthly fee for the residential parking permit would be implemented effective October 1, 2013 but that hourly access to the specific parking facility provided by the residential parking permit would remain unrestricted until January 1, 2014. This was intended to afford City Council an opportunity to consider recommendations from the Downtown Parking Study and input from Downtown residents regarding the residential parking permit prior to implementing any changes January 1, 2014.

Several Downtown residents addressed City Council at a work session on September 5, 2013 and expressed opposition to the changes to the residential parking program and the process by which decisions associated with these changes were made. They stated that free unrestricted access to the City's parking facilities had been provided to them since the early 1990s and deemed the proposed hourly restrictions associated with the residential parking permit and the fee associated with the regular weekday daytime parking permit unfair and an undue financial burden.

In further researching the history of the residential parking permit, staff found that City Council had adopted a resolution on November 2, 1992 that allowed for free parking in City parking decks by Downtown residents located within the Downtown Loop. This free parking for residents in the Downtown area was included in a June 30, 1993 Council Resolution Pertaining to Parking Rates in City Facilities.

However, a Resolution Increasing Parking Rates in City Facilities approved by Council on June 30, 1994 did not include any provision for free parking for Downtown residents. It is not known if such exclusion of free parking for Downtown residents was intentional or an error.

A resolution approved by Council on May 3, 1999 initiated a residential parking permit that provided use of one of a designated group of parking spaces in a City parking facility on an after-hours basis (6:00 pm to 8:00 am Monday through Friday, all day weekends and holidays) for \$10 per month.

This general provision for a residential parking permit has remained in parking fee ordinance updates since that time with no provision for free resident parking.

Following the September 5, 2013 City Council work session, staff met with some of the Downtown residents who had expressed concern with the recommendations for the residential parking program and discussed these concerns.

Several Downtown residents addressed Council again at the October 24, 2013 work session expressing opposition to charging Downtown residents the regular rate to park in City parking facilities during weekday hours and instead requesting that existing holders of a residential

parking permit be allowed to continue to park unrestricted in City parking facilities for no charge or, perhaps, a reduced rate.

Issues and Analysis

There are currently 130 active residential parking permits. Twenty-one (21) of these permits were issued before Lanier Parking Solutions began to operate the City's parking facilities (July 21, 2008).

Thirty-three households have two permits each and sixty-four households each have one permit.

The year in which the residential parking permits have been issued is provided below:

Number of Permits			
<u>Year</u>	<u>2 per Household</u>	<u>1 per Household</u>	<u>Total</u>
Before 7/21/2008	10	11	21
7/22/08-12/31/08	2	2	4
2009	6	9	15
2010	2	6	8
2011	12	2	14
2012	24	19	43
2013	<u>10</u>	<u>15</u>	<u>25</u>
	66	64	130

While the Downtown Parking Study recommends increasing the residential parking permit fee to \$20 per month and enforcing the hours of access, it also recommends that the City consider phasing out this permit at this cost and phasing in residential permit rates across the board that more closely align with current market rates.

Alternatives

The City Attorney's Office has subsequently advised that the parking rate structure cannot distinguish between existing and future Downtown residents and, therefore, the parking rates for existing residents must be the same as for future Downtown residents. Accordingly, the following options for parking rates for Downtown residents (i.e., those residing inside the Downtown Loop) are offered for consideration:

- 1) Phase in the market rate over a three year period beginning January 1, 2014 as follows:

	<u>Surface Lot</u>	<u>Deck</u>
January 1, 2014	\$20	\$25
January 1, 2015	\$40	\$45
January 1, 2016	\$55	\$65

- 2) Provide a monthly parking rate at one half the market rates (currently \$27.50 – surface lot; \$32.50 parking deck) effective January 1, 2014 and increasing to the full market rate in two years – January 1, 2016.

- 3) For options 1 and 2 above limit the reduced rate parking permit to one permit per household.
- 4) Charge Downtown residents the market rate effective January 1, 2014.

Financial Impact

For purposes of the financial analysis of this matter, it is estimated that 30 new residential parking permits will be issued in 2014 and 30 more each year in 2015 and 2016 respectively. The fiscal year financial implications of the aforementioned options compared to what would be expected with the implementation of market rates for residential parking permits (current and projected) effective January 1, 2014 follows:

Option 1	<u>Market Rates</u>	<u>Reduced Rates</u>	<u>Difference</u>
FY 2013-14	\$50,338	\$20,175	\$30,163
FY 2014-15	\$122,760	\$67,080	\$55,680
FY 2015-16	\$145,800	\$124,485	\$21,315
FY 2016-17	\$166,005	\$166,005	\$0

Option 2	<u>Market Rates</u>	<u>Reduced Rates</u>	<u>Difference</u>
FY 2013-14	\$50,338	\$26,363	\$23,975
FY 2014-15	\$122,760	\$77,449	\$45,311
FY 2015-16	\$145,800	\$124,793	\$21,007
FY 2016-17	\$166,005	\$166,005	\$0

Option 3	<u>Market Rates</u>	<u>Reduced Rates</u>	<u>Difference</u>
FY 2013-14	\$50,338	Varies	Varies
FY 2014-15	\$122,760	Varies	Varies
FY 2015-16	\$145,800	Varies	Varies
FY 2016-17	\$166,005	Varies	Varies

Option 4	<u>Market Rates</u>	<u>Reduced Rates</u>	<u>Difference</u>
FY 2013-14	\$50,338	None	\$0

The financial impact associated with the recommended option of phasing in the market rate for a parking permit for Downtown residents over a 3-year period beginning January 1, 2014 to market rate on January 1, 2016 (Option 1) is illustrated in the previous section. The maximum total financial impact is estimated at \$107,158.

SDBE Summary

SDBE Requirements are not applicable to this item.

Attachments

Ordinance Amending the Parking Fee Structure
Appendix A